

EXHIBITS

EXHIBIT H: OFFICE OF PROPERTY MANAGEMENT – RESPONSE TO MAR NO. 04-A-05

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Property Management



February 10, 2004

Austin Anderson
Interim Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Anderson:

This letter is in response to your Management Alert Report No. 04-A-05, dated February 3, 2004, on the interim results of the Office of the Inspector General's (OIG) audit of the Office of Property Management's (OPM) fiscal year 2003 performance measures or key results measures.

Starting immediately, I will be working with my Special Assistant, Susan Riley, to ensure that internal controls are in place in the tracking and reporting of performance data. However, I have a concern about the assertions made in the Management Report and in the process that was used to conduct OPM's audit. Below please find OPM's responses to the findings made in MAR No. 04-A-05:

OIG Finding: The Report noted that the methodology used by the OIG included reviewing documentation and reports, examining controls, and interviewing OPM personnel.

OPM Response: Aside from the OIG's initial "Entrance Conference," no additional communication, interviews, or requests for additional information came from the OIG.

OPM staff met with staff of the OIG on Wednesday, December 3, 2003, for an initial discussion of the audit process. It was agreed that OPM would provide supporting documentation on the three performance measures by the following Wednesday, December 10, and that OPM's Chief of Staff would be the main point of contact for the agency in ensuring that the IG's office received all requested information. The agency gave the OIG its first set of supporting documentation on Tuesday, December 9, 2003. Along with this documentation, the contact information for the staff persons responsible for tracking the requested measures was given in case the auditors needed additional information. It is my understanding that to date, there has been no other communication between OPM and the staff of the OIG who were conducting the audit.

OIG Finding: OPM was unable to substantiate the results reported to the OCA.

441 4th Street, N.W., Suite 1100S, Washington, D.C. 20001 (202) 724-4400

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Austin Anderson
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OPM Response: In the initial briefing, it was explained that the audit was a process and that after the initial request for information, if it was found that more documentation was needed, that the OIG would contact our office. No additional requests for information came from the OIG.

OIG Finding: OPM reported two measures to the OCA that were different from those found in the FY 2003 proposed budget and financial plan and did not show that the OCA had approved this change in measures.

OPM Response: This information was not requested of OPM during the audit and therefore we were not provided the opportunity to respond.

OIG Finding: OPM did not provide a copy of its FY 2003 Report of Agency Performance Measure Results.

OPM Response: This information was not requested of OPM during the audit and therefore we were not provided the opportunity to respond.

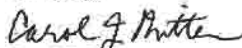
OIG Finding: Supporting documentation was insufficient and the OIG informed OPM on several occasions of the types of acceptable documentation.

OPM Response: Aside from the OIG's initial "Entrance Conference," no additional communication or requests for additional information came from the OIG. We are unaware of the "several occasions" in which we were informed of acceptable documentation.

OPM will ensure that we maintain all of the adequate supporting documentation for each of OPM's performance measures. I request that the agency be given another opportunity to provide the OIG with additional supporting documentation on the selected performance measures. It appears that the OIG may not have contacted the appropriate person in gathering OPM's supporting documentation. When the process began, both _____ and _____ of the OIG were informed that the point of contact in OPM for this most important effort is _____, the agency Chief of Staff. I am concerned that a Management Alert would be issued when the process, as it had been explained to us, has not been completed.

I hope that you are amenable to this request and if you would like to discuss this matter further, please feel free to contact me at 202-724-4100.

Sincerely,


Carol J. Mitten
Acting Director

Cc: Mr. Robert C. Bobb, City Administrator
Mr. Herbert R. Tillery, Deputy Mayor for Operations
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

441 4th Street, N.W., Suite 1100S, Washington, D.C. 20001 (202) 724-4400

EXHIBITS

EXHIBIT I: OFFICE OF CONTRACTING AND PROCUREMENT – MAR NO. 04-A-06

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 3, 2004

Mr. Jacques Abadie, CPCM
Chief Procurement Officer
Office of Contracting and Procurement
441 4th Street, N.W., Suite 700 South
Washington, D.C. 20001

Dear Mr. Abadie:

The purpose of this Management Alert Report (MAR No. 04-A-06) is to inform you of the interim results of the Office of the Inspector General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the Office of Contracting and Procurement (OCP)*, OIG No. 04-1-03MA.

Our review of 8 of 17 performance measures disclosed that OCP had adequate documentation to support that it had achieved identified goals for five performance measures. For the remaining three, OCP was unable to substantiate the results reported to the Office of the City Administrator (OCA). The details of our review and noted exceptions are described more fully in Finding 1.

These results may assist you in future performance measure planning and reporting. OCP should address the findings and recommendations herein. We plan to issue additional MARs addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs.

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Mr. Jacques Abadie, Chief Procurement Officer
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D.C. Code §§ 1-204.56a – 1.204.56b (Supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each District government agency to develop and submit to the Council, along with annual budget submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council, a performance report that identifies the actual level of performance achieved against the prior year's Performance Plan.

PRIOR AUDITS

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from OCA and audited agencies adequately addressed the conditions we observed and the recommendations that we made.

On May 15, 2003, GAO continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled "*District of Columbia Performance Report Shows Continued Program Progress*," GAO-03-693. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

AUDIT OBJECTIVES

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

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EXHIBIT I: OFFICE OF CONTRACTING AND PROCUREMENT – MAR NO. 04-A-06

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SCOPE AND METHODOLOGY

Our review at OCP focused on eight performance measures listed in the table below, which also includes the results of our verification.

TABLE: Performance Measures Reviewed

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Number of transactions per month made with purchase cards.	Yes
2.	Institute one additional commodity-buying group per year.	Yes
3.	Percent of agencies with service-level agreements (SLAs) in place that project agency procurement needs.	Yes
4.	Percent of contracts awarded in accordance with SLAs.	No
5.	Percent of contracting staff taking two or more procurement courses.	No
6.	Percent of staff receiving procurement training in accordance with their Individual Development Plans (IDPs).	No
7.	Train MSS employees on basic procurement.	Yes
8.	Provide Contract Officer's Technical Representative (COTR) training to agency personnel.	Yes

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by OCP to determine results that it reported to OCA. Although we consulted with OCA in the selection of agencies and performance measures to test, the OIG made the final selection.

Our intention is to incorporate the audit results of this MAR into a consolidated multi-agency report. The scope and methodology will be discussed more fully at that time.

AUDIT RESULTS

Our review of 8 of 17 performance measures disclosed that OCP accurately reported the results of five measures. We concluded that OCP reported accurately on five measures because we were provided with documentation that supported its reported results. However, we were unable to verify the reporting accuracy of the remaining three performance measures reported.

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EXHIBIT I: OFFICE OF CONTRACTING AND PROCUREMENT – MAR NO. 04-A-06

Mr. Jacques Abadie, Chief Procurement Officer
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FINDING 1: REPORTING AND PROVIDING SUPPORTING DOCUMENTATION FOR PERFORMANCE MEASURE RESULTS

Synopsis

OCP reported to the OCA performance measure results for three performance measure based on unreliable data and without supporting documentation. We attribute the reporting of unreliable or unsupported performance results to the lack of written management controls and processes that would otherwise ensure accurate performance measure reporting. As a result of reporting inaccurate or unsupported results for performance measures to OCA, OCA could include this information into final reports for use by others including the City Council.

Discussion

Measure: Percent of contracts awarded in accordance with Service Level Agreements (SLA).

OCP reported to the OCA that as of September 30, 2003, 95 percent of contracts were awarded in accordance with SLAs. Based on discussions with OCP, we determined that the existing evidence to support the reported results to OCA was unreliable. This was due to the use of estimated data and questionable methodology to compute the results. Therefore, we were unable to verify the accuracy of the results reported to OCA.

Measure: Percent of contracting staff taking two or more procurement courses.

OCP reported to OCA that as of September 30, 2003, 92 percent of the contracting staff took two or more procurement courses. Upon our review of the supporting documentation provided by OCP, we were unable to verify the accuracy of the reported results submitted to OCA.

Measure: Percent of staff receiving procurement training in accordance with their Individual Development Plans (IDP).

OCP reported to OCA that as of September 30, 2003, 95 percent of the staff received procurement training in accordance with their IDPs. Upon our review of the supporting documentation provided by OCP, we were unable to verify the accuracy of the reported results submitted to OCA.

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EXHIBIT I: OFFICE OF CONTRACTING AND PROCUREMENT – MAR NO. 04-A-06

Mr. Jacques Abadie, Chief Procurement Officer
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Recommendation 1

We recommend that the Director, OCP establish policies and procedures to ensure that the performance measures are properly tracked and reported. Internal controls should be implemented to ensure that an adequate audit trail is maintained, that figures are properly and accurately supported, and that documents are retained to support all performance measures.

Recommendation 2

We recommend that the Director, OCP require that methodology is developed, documented, and implemented to track performance measures in an effort to provide clear and concise explanations of how reported results were derived.

CLOSING

Please provide your comments and responses to the recommendations by February 10, 2004. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the issues and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report. **Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.**

We appreciate the cooperation and courtesies of OCA and OCP personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Austin A. Andersen
Interim Inspector General

AAA/lw

cc: Mr. Robert C. Bobb, City Administrator, Office of the City Administrator
Mr. Herbert R. Tillery, Deputy Mayor for Operations
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

EXHIBITS

EXHIBIT J: OFFICE OF CONTRACTING AND PROCUREMENT – RESPONSE TO MAR NO. 04-A-06

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement

Director



February 27, 2004

Austin A. Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, NW Suite 500
Washington, DC 20005

Dear Mr. Andersen:

I am in receipt of your Management Alert Report (MAR No. 04-A-06) containing the interim results of the Office of the Inspector General's (OIG) Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the Office of Contracting and Procurement (OCP), OIG No. 04-1-03 MA. This letter is in response to your findings and recommendations.

The report states that you were unable to verify the reporting accuracy of three of the eight performance measures reviewed. One of the measures in question was "percent of contracts awarded in accordance with Service Level Agreements (SLAs)." OCP had supporting documentation for the number and dollar value of awards that were not in accordance with the SLA as shown on the attached Operational Support spreadsheet. An estimated dollar value of \$1.2 billion in FY 2003 awards (based on FY 2002 awards data) was used to calculate the percentage because the actual data for FY 2003 were not available at the time. Subsequent to your review, OCP has compiled the audited listing of OCP FY 2003 contract actions over \$25,000 in value. (Due to the size of this spreadsheet it will be sent electronically.) The results, using actual data are shown below. The target for this measure was 70%. OCP estimated that 95% of awards were in accordance with their SLAs. Actual data showed that 98% of awards were in accordance with their SLAs.

- FY 2003 procurements over \$25,000 in value totaled \$1,178,024,171.
- Unplanned procurements totaled \$24,150,679, or 2% of the dollar value.

Your two recommendations and the actions that OCP is taking in response are listed below.

Recommendation 1: Establish policies and procedures to ensure that the performance measures are properly tracked and reported; and implement internal controls to ensure that an adequate audit trail is maintained, that figures are properly and accurately supported, and that documents are retained to support all performance measures.

By May 2004, OCP will establish policies and procedures and implement internal reviews to ensure that all reported data are verifiable.

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EXHIBIT J: OFFICE OF CONTRACTING AND PROCUREMENT – RESPONSE TO MAR NO. 04-A-06

Austin Andersen
Interim Inspector General
February 27, 2004
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Recommendation 2: Require that methodology is developed, documented, and implemented to track performance measures in an effort to provide clear and concise explanations of how reported results were derived.

OCP is updating its Data Collection Manual which includes the performance measure definition, the formula for calculating the results, data collection methodology and quality assurance measures. Targeted completion date is April 1, 2004. OCP is implementing a reporting module in its Procurement Automated Support System (PASS) that will be in effect for FY 2005, which will allow reports on many of the measures to be generated electronically from work activities. The Office of Budget and Planning and the City Administrator's Office are implementing an electronic data reporting system for performance measures, targeted for implementation in FY 2005, that will further enhance data quality.

I trust that the actions that OCP will be taking to comply with your recommendations are responsive to your report. If you should have any questions or concerns, please contact _____, Assistant Director for Business Operations, at 202-724-_____.

Sincerely,


Jacques Abadie, III
Chief Procurement Officer

Attachment

Cc: Mr. Robert C. Bobb, City Administrator, Office of the City Administrator
Mr. Herbert R. Tillery, Deputy Mayor for Operations
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

EXHIBITS

EXHIBIT K: DEPARTMENT OF HUMAN SERVICES – MAR NO. 04-A-07

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 3, 2004

Ms. Yvonne D. Gilchrist
Acting Director
Department of Human Services
801 East Building
2700 Martin Luther King Jr. Avenue, S.E.
Washington, D.C. 20032

Dear Ms. Gilchrist:

The purpose of this Management Alert Report (MAR No. 04-A-07) is to inform you of the interim results of the Office of the Inspector General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the District of Columbia Department of Human Services' (DHS) Youth and Adolescent Services Program (YASP)* formerly known as the Youth Services Administration, OIG No. 04-1-03MA.

Our review of 2 of 3 performance measures disclosed that YASP was unable to substantiate the results reported to the Office of the City Administrator (OCA). The details of our review and noted exceptions are described more fully in Finding 1.

These results may assist you in future performance measure planning and reporting. The YASP should address the findings and recommendations herein. We plan to issue additional MAR's addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs.

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EXHIBIT K: DEPARTMENT OF HUMAN SERVICES – MAR NO. 04-A-07

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D.C. Code §§ 1-204.56a - 1.204.56b (Supp. 2003) and §§ 1-614.12 - 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each government agency to develop and submit to the Council, along with annual budget submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council a performance report that identifies the actual level of performance achieved against the prior year's Performance Plan.

PRIOR AUDITS

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from the OCA and audited agencies adequately addressed the conditions observed and the recommendations made.

On May 15, 2003, the General Accounting Office (GAO) continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled *"District of Columbia Performance Report Shows Continued Program Progress," GAO-03-693*. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

AUDIT OBJECTIVES

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

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EXHIBIT K: DEPARTMENT OF HUMAN SERVICES – MAR NO. 04-A-07

Ms. Yvonne D. Gilchrist, Acting Director
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SCOPE AND METHODOLOGY

Our review at YASP focused on the two performance measures listed in the table below, which also includes the results of our verification.

TABLE: Performance Measures Reviewed

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Eighty-five percent (85%) of committed youth who enter training, education or employment.	No
2.	Eighty-five percent (85%) of securely detained youth present for their court appearances.	No

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by YASP to determine results that it reported to OCA. Although we consulted with OCA in the selection of agencies and performance measures to test, the OIG made the final selection.

Our intention is to incorporate the audit results of this MAR into a consolidated multi-agency audit report. The scope and methodology will be discussed more fully at that time.

AUDIT RESULTS

Our review of 2 of 3 performance measures shows that the methodology YASP used to compute the reported results was questionable. As a result we were not able to verify the accuracy and reliability of performance data reported because of the methodology used and insufficient documentation.

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EXHIBIT K: DEPARTMENT OF HUMAN SERVICES – MAR NO. 04-A-07

Ms. Yvonne D. Gilchrist, Acting Director
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FINDING 1: QUESTIONABLE METHODOLOGY

Synopsis

The method that YASP used to compute its performance measures is flawed because it includes assumptions that are not supported. As a result, we were unable to conclude that performance measure results reported to the OCA were accurate and complete. We attribute this condition to insufficient management controls, lack of written policies and procedures, and lack of sufficient supporting documents.

Discussion

Measure: Eighty-five percent (85%) of committed youth who enter training, education or employment.

Our review of the above performance measure found that YASP's methods of tracking the number of committed youth who enter training, education, or employment includes an assumption that does not rely on actual data. The method YASP used makes the assumption that all committed youth who enter the program enter training, education or employment. YASP was unable to provide us with sufficient documentation to support the reported results. As a result, we were not able to verify the accuracy and reliability of performance measure results reported to OCA.

Measure: Eighty-five percent (85%) of securely detained youth present for their court appearances.

Our review of the above performance measure found that YASP's methods of ensuring that all securely detained youths are present for their court appearances includes assumptions that are not supported. The method used by YASP assumes every detained youth enrolled during a month appeared in court in the same month. Another method that was used assumes that the number of court dates within a month is the number of securely detained youths who appeared in court. This method of tracking results does not take into consideration that possibly a youth was enrolled on the last day of the month or that a youth may have had more than one court appearance. YASP could not provide us with the proper documentation to support the reported results. Our review concluded that we were not able to verify the accuracy and reliability of performance measure results reported due to YASP's questionable methods of tracking the measure.

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Ms. Yvonne D. Gilchrist, Acting Director
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Recommendation 1

We recommend that the Director, DHS require that methodology is developed, documented, and implemented to track performance measures in an effort to provide clear and concise explanation of how reported results of achieved measures were derived.

Recommendation 2

We recommend that the Director, DHS establish policies and procedures to ensure that the performance measures are properly tracked and reported. Internal controls should be implemented that would ensure an adequate audit trail is developed, figures are properly and accurately supported, and documents are retained to support all performance measures.

CLOSING

Please provide your comments and responses to the recommendation by February 10, 2004. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the issues and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report. **Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.**

We appreciate the cooperation and courtesies of OCA, DHS and YASP personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William J. DiVello, Assistant Inspector General for Audits, at 727-2540.

Sincerely,



Austin A. Andersen
Interim Inspector General

AAA/lw

cc: Mr. Robert C. Bobb, City Administrator
Ms. Lori E. Parker, Interim Deputy Mayor, Children Youth, and Families
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management